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CALIFORNIA STATE ALLOCATION BOARD
STAKEHOLDER MEETING

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, JULY 11, 2018
TIME: 10:02 A.M.

Reported By: Mary C. Clark
eScribers

1 APPEARANCES:

2 REPRESENTATIVES OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE
3 OF PUBLIC SCHOOL CONSTRUCTION (OPSC) PRESENT:

4 BARBARA KAMPMEINERT, Deputy Executive Officer

5 MICHAEL WATANABE
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P R O C E E D I N G S

MS. KAMPMEINERT: To the June 27th State Allocation meeting addressing the acceptance of applications when funding is unavailable.

The purpose today of our meeting is to hear you. We got a lot of letters and feedback prior to the last State Allocation meeting and at the State Allocation meeting that folks really wanted an opportunity to weigh in on this topic. Thank you for sending the letters. Thank you for the letters that we've received in advance of today's meeting. We've read them. We've heard you. We want to definitely have an opportunity to discuss this today.

As far as format today, it's a little bit informal. What our primary goal is today is to listen, to hear you, to see what other comments you have on this topic, to see if there are alternate proposals that should be considered.

What we figured we'd do is we'd start off with just a brief overview of what we believe the item does to make sure we're all on the same page and understanding what our intent was and then we'll take feedback. And we're going to do a lot of listening today, not necessarily committing. We want to really understand what you guys have in mind. So we want to take that back.

1 As far as coming up, we don't have speaker cards
2 or anything. We figured folks could kind of fill in this
3 front table right there. So feel free to come up in
4 whatever order you guys can work out. Just come fill it up
5 so we can keep the meeting going.

6 We've got about three hours blocked off for today.
7 We'll see if things are going to roll through the full three
8 hours. If so, we'll try to do a break about halfway
9 through, but if it looks like we're not going to go the full
10 three hours, we can kind of reevaluate that as necessary.

11 And then after the meeting, what we plan on doing
12 is taking it back, absorbing, and figuring out next steps
13 for the State Allocation Board meeting. What I can commit
14 to is that what we hear today will make it to the State
15 Allocation Board. We'll make sure that your comments are
16 heard and the item format and we'll see where else it leads
17 based on our discussion today.

18 So with that, are there any questions about
19 format? You're going to have to come up with questions,
20 though, because we need to speak into the microphones,
21 otherwise the folks on the webcast will not be able to hear
22 you.

23 Okay. With that, Michael is going to go into just
24 a brief overview.

25 MR. WATANABE: Okay. So this is a June item. It

1 is in our June 27th Board meeting agenda, but we pulled it
2 out as a separate file. It is on our home page too if you
3 haven't got a chance to look at it.

4 What we've pointed out in this Board item is that
5 based on the workload we've received so far -- these are
6 actual applications for funding for projects for both new
7 construction and modernization. At the rate we are
8 receiving applications, we're projecting that by October
9 2018 we will have received enough applications to
10 sufficiently exhaust all the bond authority that's been
11 allocated in Prop. 51.

12 We're also projecting that by September 2019 that
13 we'll have exhausted or received enough applications to
14 account for all funding for the modernization program as
15 well.

16 So what we're doing in this item is proposing that
17 we strike out a regulation that we added back in November of
18 2012. Back then, we had a lot of discussion at the Board
19 and subcommittee meetings and implementation committee
20 meetings about what to do once we ran out of bond authority.

21 So we've attached a prior Board item discussion as
22 part of this item too. We mapped out the options that were
23 discussed back in the day and where we landed on was this
24 applications received beyond bond authority list.

25 So as we we've been working through Proposition 51

1 since July of last year, we've kind of been running into
2 problems as it is trying to process the applications and
3 some concerns that we pointed out in the item, those being
4 possibly inequitable access to the program for small school
5 districts, financial hardship school districts maybe not
6 being necessarily represented as what we'd have hoped for,
7 the ability for the Board to make program enhancements with
8 Proposition 51, making changes and applying those to
9 applications.

10 We have already received applications for five
11 years now. How do we make program changes when people
12 submit applications under a certain expectation.

13 Based on the first 50 applications we processed in
14 new construction, we've seen issues with outdated
15 eligibility or not having eligibility even at the time they
16 applied for the program, and then issues with expired agency
17 approvals.

18 Having this list for five years and having your
19 plans expire, we've seen numerous applications that had to
20 update their applications. So those are the concerns we put
21 out there.

22 In our June item, we've -- the regulation changes
23 are relatively simple as a whole. We've basically stricken
24 out the language where once we have received enough
25 applications to exhaust the bond authority, we would stop

1 receiving applications.

2 So current process is once we've received enough
3 applications, districts can continue to submit applications.
4 They still need DSA approval. They still need CDE approval,
5 full DSA plans.

6 Those applications are submitted to our office.
7 We do a document check, make sure it is a complete
8 application, and they essentially go to a room in our office
9 and they just sit there until a future bond or until we can
10 actually process it.

11 So it costs money for districts to do that. So
12 what this proposal is doing is not going through all that,
13 not having districts submit plans, not mailing in those
14 applications so that they're sitting there, and proposing
15 that when there is a future bond, if there is one,
16 applications can be submitted at that point in time.

17 That is the only regulation we actually change in
18 this part. Any references to submitting applications such
19 as the financial hardship application and those boxes, those
20 are the ones that are being stricken out.

21 Those are the only program changes we're making at
22 this time, though.

23 MS. KAMPMEINERT: So, yeah, that's the basic
24 concept of the item and we would look forward to your input
25 on it. We saw a common theme in some of the letters related

1 to shutting down the program and that's not our intent and
2 I'd like to get some feedback too from folks that feel that
3 this is doing so, so that we can get a better understanding
4 of why you see this regulation change as doing that so that
5 we can see if there's something we could do to address it,
6 and then just any other concerns that you may have with it.

7 So with that, I'd like to invite folks up to speak
8 so we can hear you.

9 MR. ULRICH: I guess you want me to go first. I
10 will. Don Ulrich. I'm the deputy superintendent for Clovis
11 Unified Schools and I also serve as the CASH -- or the
12 Coalition for Adequate School Housing chairman.

13 I think first of all it's important to recognize
14 that the respect that CASH and all our constituents have for
15 OPSC and SAB and the great respect for the role that you
16 fulfill. When you think about school facilities and how
17 foundational they are to great schools and great
18 communities, you know, your role is so significant in that
19 and I think we need to recognize that and understand that we
20 have to work together to fulfill that idea that all kids,
21 all schools, all teachers have facilities to work in that
22 are adequate.

23 And I want to thank you again for establishing the
24 stakeholder meetings. You know, with the elected officials'
25 input, you know, and their recommendation, you accepted that

1 input and I think it's important that we hear stakeholder
2 input on a significant change like this that we feel is
3 significant to the program.

4 And I want to start with just probably the most
5 black and white issue for us and that's the statutory
6 requirements of Ed Code 17070.25 that basically says OPSC
7 shall -- and that's an important word -- shall receive
8 applications until expeditiously act -- and I'll just read a
9 portion of it. It says, shall be prepared to receive and
10 expeditiously act upon applications on and after that date,
11 and that date being November 4th, 1998, when SB50 was put
12 into law.

13 So it's a law. It's a statute and I think we all
14 know that, you know, we shouldn't use regulations to change
15 statute and that's really what we feel this is doing and why
16 we feel it's not following the law.

17 I think the other thing we want to recognize --
18 and maybe this is why we have so many constituents speaking
19 on this issue, it's probably not just this one issue. It's
20 a pattern of the behavior of our elected officials and our
21 appointed officials when the voters passed Prop. 51 over two
22 years ago.

23 And since that time, the pattern has been, you
24 know, so very few bonds, change regulation, you know, that
25 we -- again we feel is in statute, and I think when you look

1 at that pattern and then this act -- this regulation
2 recommendation, to stop accepting applications is why you
3 get that feeling that the program is being shut down.
4 Right? And I think that's valid for people to feel that
5 way.

6 The voters voted for this. It's obvious that -- I
7 don't want blame any one person, but it's obvious that the
8 government in this case does not want to sell bonds at the
9 rate the voters want them to be sold and that are our kids,
10 our teachers, and our schools need them to be sold. So
11 that's I think why you're seeing this feeling.

12 I'd also like to request on behalf of all our
13 constituents is that you provide a summary of the
14 stakeholder feedback you receive in these meetings and if
15 you could post it at least ten days before the SAB meeting
16 where you're going to bring this for a vote again, that
17 would be helpful to get everybody's input and know how
18 you've received it and how you've summarized it for those
19 elected officials and the people that will be voting.

20 I think you're going to hear from many
21 constituents today that -- regarding the negative effect
22 it's going to have on school districts to stop accepting
23 applications.

24 And what we really want you to understand and know
25 and know how committed we are as constituents in California,

1 that we want to ensure that our constituents understand that
2 we're ready to work with OPSC and SAB, but definitely OPSC
3 staff on really some aspirational goals for funding school
4 facilities and providing the funding source that would not
5 be subject to debate, politics, and would not add to the
6 state debt, but one that would be sustainable. All right?

7 And that's quite a significant change, but we
8 really have a feeling that that is where we need to go in
9 funding school facilities in the state of California if it's
10 going to be sustainable for all kids, all teachers, all
11 communities.

12 So that's an important concept to understand is
13 that's where we want to head in the future and we hope that
14 OPSC and the Legislature and the elected officials of
15 California are with the constituents in that desire to fund
16 school facilities in a sustainable manner in the future.

17 Thanks for the opportunity to speak today. We
18 appreciate it.

19 MS. KAMPMEINERT: Thank you. Appreciate it.
20 Next.

21 MS. ARTHUR: Good morning, Barbara. Good morning,
22 Michael. Again, thank you guys so much for having this and
23 allowing us to come as practitioners in the program to come
24 up and speak and kind of let you see where we believe the
25 review has gone.

1 So I want to address four things today, and I have
2 sent a letter, and I'm going to kind of reemphasize those
3 items in the letter. And the first is the equitable access
4 to the school facility program. And the June staff report,
5 proposed regulations suggest the current SFP program is not
6 designed to support and fund smaller districts or financial
7 hardship districts.

8 I've been in the program since 1996, so the SAB
9 passing in 1998, I was initial -- you know, starting of that
10 program and at the time, I've worked for nonfinancial
11 hardship districts, and I've worked for financial hardship
12 districts. And myself as a practitioner, as a financial
13 hardship district, I actually felt I had more access to the
14 program.

15 The way that it's designed and set up being able
16 to have your upfront funds for land and design fees is a
17 huge help, where nonfinancial districts really don't have
18 that. We're way much farther into the program expending
19 your own funds.

20 So I really think even the regulations in the
21 financial hardship, I think they're clear enough to follow.
22 I think it's something many districts do when they have
23 need. I really think it works well myself.

24 I also -- in reviewing OPSC data where it talks
25 about that, it shows that the small and financial hardship

1 districts -- really what the data shows proportionality with
2 pupils' attendance. It's worked, especially when you look
3 at the percentage of students is under 10 percent in the
4 state of California that are financial hardship or small
5 districts.

6 So I really think there is equitable access to the
7 program. Again, 20 years into this, I found that both sides
8 worked well.

9 Second item I want to talk about is the program
10 enhancements and the staff report opines that the school
11 facility program should be discarded. And I know I don't
12 think -- that's how I kind of read it and hearing today, I
13 know in your opinion that's not what you're meaning to do.

14 But we really think that part of that is again the
15 small and financial hardship districts that have economic
16 challenges. I really again think if you look at the data
17 that's happened over the last 20 years, you're going to see
18 that over a thousand California school districts have been
19 served and over a hundred billion dollars has gone out to
20 all of school districts with local and state funding. And
21 that's huge.

22 We have such diverse needs in the state of
23 California for all of our students. Having -- making sure
24 that they have adequate, you know, facilities to learn in
25 where they have great lighting, that air conditioning works,

1 heaters work, the water that comes out of the pipes from our
2 schools that are aging is not brown, that we have new
3 plumbing come in, making sure that our electrical is updated
4 to handle all the technology that we need to compete
5 throughout the world for our students.

6 That's part of what this program has put forward
7 in the last 20 years.

8 Also I don't believe that the SFP itself is
9 burdensome in the way that it's written. The only
10 complexities really come from the actual proposed procedures
11 out of the state. So the SFP itself really as written
12 works. Again, it's how we do those procedures with that.

13 I also just think that we should address the
14 issues with taking the grant agreement that you recently
15 brought forward. That grant agreement, working with OPSC
16 staff, we've really tried I think -- the staff has worked
17 with districts. You put together a great grant agreement
18 that was very specific on what should be allowed in the
19 program, what shouldn't, and I think that's more or less how
20 we should address the SFP program is working together with
21 OPSC staff and districts to make sure that everyone's clear
22 on what truly should be put through the program.

23 So again, I think the grant agreement and the time
24 that you put in with it was great work and we appreciate
25 that because I think, again as a practitioner, every school

1 district -- I believe in transparency, that we should
2 exactly be doing transparent as well as ourselves in what
3 we've done with the funds the state has spent and making
4 sure it's done correctly.

5 The third item I wanted to address is the outdated
6 eligibility for the new construction and I really think that
7 outdated eligibility is not on the part of the district, but
8 it's been the failure of the state to bring forward a bond
9 since 2010. That's actually what we created -- well,
10 actually what created the issue of the outdated eligibility.

11 You know, past practice prior to 2010, if state
12 bonds were exhausted, district applications were processed
13 still in a normal fashion and we waited for the next round
14 of funding. I don't see any reason not to continue with
15 this.

16 And when we talk about local bonds, one of the
17 main items that any district does before going out for a
18 local bond is we make sure that we go through and we assess
19 the needs of the district, and so those needs we address, we
20 put numbers to, we look at those, and that's what we put
21 together before we actually go out for a bond.

22 And I think in this case that's why we still need
23 to be accepting applications and processing those through.
24 We have to show what the true need is of the state prior to
25 going out for this next bond and I think it's just good

1 practice again, just as we do with our local bonds, we make
2 sure that all our taxpayers and those voting for our local
3 bonds know what our true need is and what we think that cost
4 is at that time.

5 So that's why I would ask that the state continue
6 to accept applications. Again, do the same thing. We know
7 we're past what we have to be able to expend, but in order
8 to truly show what that next bond is or how -- and we go for
9 that next sustainable funding that we like to get to, we
10 still have to have an assessment of the actual state needs
11 of what districts are bringing in funding wise.

12 And the fourth item I want to talk about is the
13 expired state agency approval, and, you know, with the
14 recession of 2009, the state didn't sell bonds in order to
15 make timely apportionments.

16 Once we came back into that, funding became
17 available, both DSA and CDE really have gone out of their
18 way and worked with districts to make sure any expired
19 approvals were actually worked forward as best they could
20 and we really think that OPSC can work with districts in the
21 same manner on the eligibility and agency approvals.

22 I think again it's a teamwork. We're working with
23 our other partners of DSA and CDE and our partner OPSC with
24 districts coming in to make sure that we keep our projects
25 that may not have gone forward, waiting for funding, that we

1 keep them moving forward and rolling instead of sending them
2 back.

3 So I really think -- you know, we've mentioned
4 before when we say that our eligibility might be different,
5 again, with some of the recession, some of our students have
6 moved to other districts or else they have actually
7 relocated out of state, but that still doesn't mean we don't
8 have need. Even if our eligibility goes down a little, the
9 difference of having 30 students in a classroom and 25, we
10 still need a classroom for 25 students.

11 So that's something to remember. It's not like
12 all of it has gone away. So it's very important with it and
13 I really think our California schools should be the best
14 place to care for and develop our students' growth from
15 kinder to adulthood. We want to make sure our schools are
16 safe.

17 I can't tell you the amount of emails I'm getting
18 from parents who are so concerned of how our kids will be
19 safe in their schools. They want to make sure when their
20 kids walk in that classroom, they're going to come home that
21 day all in one piece.

22 So we have to make sure that these funds and our
23 bond funds keep going because we have -- we need to make
24 sure that our hardware -- we can lockdown our schools, all
25 of our PA systems are in working order for emergency, all of

1 our phone systems work, all of our fire alarms work.

2 These are all things that are desperately needed
3 as our schools age. Sometimes -- and you say, oh, well, you
4 should be doing routine maintenance. Sometimes systems age
5 out. We have fire alarm systems that we're trying to
6 replace you can't get parts for anymore. So the entire
7 system has to be replaced and that's a huge undertaking for
8 most schools.

9 So -- and in closing, I just want to let you know
10 that you know that again, my name's Julie Arthur. I'm with
11 Palm Springs Unified School District, as I didn't mention in
12 the beginning, so I apologize. But I'm also vice chair to
13 CASH, which is Coalition for Adequate School Housing, and I
14 want to let you know that CASH and school districts, we
15 stand ready to assist OPSC staff in any way possible to keep
16 improving the SFP program and making it better for all of
17 us. So thank you.

18 MR. MITCHELL: I guess by virtue of the pattern
19 that's been established -- and so Brett Mitchell. I'm
20 director of facilities right next door, San Juan Unified
21 School District. Glad to be here. I'm so glad that you
22 invited us -- this to be informal because I'm nowhere near a
23 skilled orator or am I good at arguing the fine points of
24 the law, but I'm so glad that you all did -- if you don't
25 mind, I would -- since we're neighbors here in our district,

1 I'd like to talk about this in a manner that's more
2 relational because I do feel like we've had a great
3 partnership in our district for a long time with OPSC,
4 worked really well together, and I'm a bit of a storyteller,
5 so if you'll forgive me, I sometimes tell stories.

6 But I remember one time I had a new pastor come to
7 our church and he didn't like pianos. He wanted a keyboard
8 and so he moved the piano out the day he showed up and guess
9 what, the next day his office was filled with the ladies in
10 the church saying how could you move our piano.

11 So what he did was this. Every day he moved that
12 piano one inch closer across the stage until at one point
13 during a performance it was outside the door and it was then
14 gone. So it moved slowly and as it moved slowly out the
15 door, it was missed less.

16 And when I thought about stopping applications, I
17 thought, boy, I hope that when you hear they're closing the
18 program -- it felt to me a little bit like we're just moving
19 the piano slowly on this. It's just a small step towards
20 what could be.

21 And so that's why I wanted to really jump in and
22 say listen, how can we partner with you further. What can
23 we do. Trying to walk a little bit of a mile in your shoes.
24 I could imagine being on OPSC staff and Brian to my right
25 here thinking why should I continue this work on

1 applications if there's no bonding authority. I get that.

2 But the significant part of that on our side is
3 really in the past when we've heard about bonds and whether
4 or not the governor's going to sell the bonds, we've heard
5 about inventory. And my question is how do we keep
6 inventory. It's been nice because I've been able to say
7 look at what I've got in very simple terms.

8 I'm continuing my applications and I'm saying look
9 at what I got and we're developing a backlog that really is
10 message to the state that, hey, we've got an inventory. It
11 keeps coming. This is not going to stop.

12 And so that's another component that I think again
13 just relationally and as it appears we're surfacing -- we're
14 helping you in a sense communicate our inventory.

15 So the other part of it is, I've been very
16 fortunate in our district. We've been able -- I mean we've
17 been one of the districts fortunate enough to pass bonds --
18 local bonds, Prop. 39, and we appreciate that legislation
19 and ability.

20 But I've been very lucky here, and I'm always
21 asked in my oversight committee what are you doing besides
22 just local taxpayer. What efforts are you making. We are
23 proud to say we've left no stone unturned.

24 If it's money that's available, we're going to
25 after it and part of that means I'm able to say we've

1 submitted applications -- everywhere there's eligibility,
2 we're in.

3 I'm contemplating my next meeting and saying
4 they're no longer taking applications. I can't put -- we
5 know there's eligibility there, but I can't file an
6 application any longer at OPSC and really perpetuating that
7 message. How does that resonate back with our stakeholders.

8 So it's just a tough message that we'll have to
9 send that I hope we won't have to. The only thing -- and
10 they were so good about talking about the fine points of
11 law. The only thing that I would potentially add to it and
12 my expert's in the audience so he can correct me. But I
13 think -- I made a note that the discontinuing eligibility
14 may affect my ability to levy Level 2 and 3 developer fees
15 and that's going to hurt.

16 So with that, I will say from past thank you for
17 the great experience that we've had with OPSC. It has
18 really been a good experience. This smarts a little bit and
19 I'm hoping you'll reconsider, not just based on the fine
20 points of the law, but also just the merits of the
21 relationship. So that's it for me. Thank you.

22 MR. REISING: I'll follow suit here. So first of
23 all, thank you. My name is Alan Reising. I'm the executive
24 director of facilities for Long Beach Unified School
25 District. I'm also a CASH board member. And so first of

1 all, thank you for allowing us to come in here today and
2 talk to you about these very important changes that are
3 being proposed here.

4 The first item I just kind of want to speak to
5 quickly is some concerns that I have about the process, the
6 urgency and the transparency of the process. It seems that
7 with the goal that's been discussed of adopting these or at
8 least presenting these regulations to the State Allocation
9 Board in August, it doesn't give us a lot of time to really
10 conduct these type of stakeholder engagement meetings.

11 If we just reflect back and the last time that we
12 addressed this same topic when we set up the special
13 subcommittee for facilities, it took us more than four
14 months to go through this same discussion with really the
15 same thing, and I do question that we did this work. It
16 just seems to me that this work has been completed back in
17 2012 when we came up with a viable resolution to the very,
18 very same issue.

19 So I just ask the question of please reconsider
20 that work that was done and let's go back to what was done
21 back in 2012. I will say that we agree that there probably
22 could be some tweaks to that process, that we'd be open for
23 discussion.

24 The school community -- as Mr. Ulrich had said,
25 the school community is open for discussions. We're open to

1 make some adjustments to the program and have that open
2 dialogue as we move forward just to consider some of the
3 work that was done in 2012.

4 The question proposed about why is this considered
5 to be a closing of the program, as it's been said
6 previously, failing -- or stopping accepting applications
7 really turns the back on the need. It really doesn't
8 quantify and properly categorize what the need is at our
9 school districts. It really very much -- as a practitioner
10 of this, it appears that the state is really turning their
11 back on districts out there and have a very real and current
12 need at school sites and really turning their back on what
13 we consider to be a state's vested obligation to support
14 schools moving forward as part of the constitution, that
15 schools should be one of the top funded issues at the state
16 level.

17 So if we can't quantify those needs moving
18 forward, it really puts us in a precarious situation to even
19 lobby and make a case for why there might need to be a
20 future state bond and as was previously said, being able to
21 show that need and being able to show that there is -- that
22 there are applications out there and that there is the
23 need -- the support from the state required for school
24 districts to be able to do what we do on a daily basis.

25 So the other issue I want to bring up -- I'm not

1 going to recant some of the other things that were said,
2 but -- is talk a little bit about school security. It was
3 mentioned earlier by Julie Arthur about the issue of school
4 security.

5 Many schools are struggling with the need for
6 school security. The state program in many cases is the
7 only viable way that they can come up with the funds
8 necessary to make the improvements at our school sites in
9 order to keep our students and our staffs safe.

10 Just my district alone, Long Beach Unified, our
11 initial effort with security at our school sites, we're
12 going to spend more than \$11 million of local resources to
13 do that. Many school districts don't have that type of
14 resource and they have to rely on the state program to
15 properly plan for that as part of their modernization and
16 reconstruction programs that they do at their school sites.

17 So really not accepting applications and not
18 continuing the school facilities program moving forward puts
19 many districts at a disadvantage to just basic raw security
20 at school sites to allow students to learn in a safe and
21 secure environment.

22 And again, not accepting those applications just
23 doesn't allow school districts to properly plan for how much
24 support they're going to be able to get at the state level,
25 relying on that state partnership.

1 I'm going to keep my comments very brief because I
2 think most of the items were discussed, but I really would
3 like to go back and just say let's look back at that work
4 that we did in 2012 and why are we recreating that on such a
5 short timeline when we already have those regulations in
6 place. We already have the processes in place for what to
7 do when we run out of money with the current bond and be
8 able to prepare us for future bonds that we would look to
9 the state to support us. So thank you very much for the
10 ability to come and speak today.

11 MS. KAMPMEINERT: Thank you. It's a listening
12 day, so we're not planning on commenting too much, I did
13 want to just touch on Julie's point with respect to the SFP
14 and clarify for those that maybe haven't had an opportunity
15 to read the item, but we are not -- in the item, we are not
16 suggesting that the SFP should be scrapped and in the item,
17 we are not intending to suggest any specific changes.

18 What we were trying to highlight is that there
19 have been conversations in the past about the program moving
20 forward and the examples that were provided in there came
21 from past subcommittee discussions.

22 So OPSC is not currently taking the position on
23 where we should be moving forward and we are not intending
24 in this item to suggest that the SFP should go any
25 particular direction. So I just wanted to clarify that

1 point and thank you for raising that that may have been
2 interpreted from the item. So that was not our intent and
3 we will definitely take a look at how that is written.
4 Thank you.

5 MS. ARTHUR: Thank you very much.

6 MS. PEARSON: She says we're going to go left to
7 right, so that's what we'll do. I'm Debbie Pearson. I'm
8 the executive director for small school districts for
9 California.

10 First of all, I just want to say how much I
11 appreciate the attention that you gave to the small school
12 districts in your write-up by acknowledging the difficulties
13 that they face in accessing the current problem.

14 I think it goes a little bit deeper than what
15 Julie had mentioned before, but stopping the process I think
16 will only perpetuate that difficulty that they have and I
17 think that the four items -- and I won't go into them
18 because they covered them earlier, but the four items that
19 you addressed I think could be somewhat alleviated if OPSC
20 would step up and more quickly process current applications
21 because they get stuck.

22 The workshops that you've done for the outreach is
23 a great start to helping these folks. The difficulty that
24 happens with small schools is unlike the larger districts,
25 they don't have facilities people, so I think if they could

1 get further help from OPSC, it would speed things up for
2 them because they're the superintendent, they're the
3 principal, sometimes a teacher, and then now they are the
4 facilities person and you become that as I experienced when
5 I was a superintendent building a school. I became a
6 facilities person for about three years.

7 And a lot of districts, they just do not have the
8 support, so as a result, that gets put on the back burner.
9 So I appreciate that started off with the workshops and I
10 know that some of them were well attended and I would like
11 to see those continue, but I would encourage you to
12 reconsider the proposal to stop accepting applications when
13 the bond authority is exhausted because I think it makes it
14 more difficult to pass bonds -- future bonds as there is not
15 going to be any evidence or a need if you don't track
16 applications.

17 I think that the current proposal sends a very
18 clear message that the state is no longer interested in
19 being a partner in the school facilities program, to all of
20 its districts. So I would just ask that you just reconsider
21 and once again acknowledge and I appreciate your recognizing
22 the plight of small school districts, that they do need more
23 help.

24 MS. ATLOW: Hi. Shawn Atlow, Los Angeles Unified
25 School District, and we also want to start by thanking you

1 for pulling this meeting together so quickly. We value
2 opportunities to work with stakeholders on topics related to
3 the school facility program.

4 I want to start by saying when we saw the item,
5 frankly, we were disappointed that something so significant
6 would be taken to the SAB before stakeholders were invited
7 to -- or without inviting stakeholders to participate in its
8 development.

9 I think for decades we've been successful in
10 working together to create programs, change programs, build
11 schools, create great facilities for our students, and it
12 feels very much like the state no longer wants to be a
13 partner in that process.

14 The item itself also caused us concern. There are
15 many factors that go into whether or not school districts
16 file applications. While I can't speak to why small
17 districts may or may not do it, I can say LAUSD, the largest
18 in the state, didn't file any applications during the period
19 that OPSC wasn't processing them.

20 So we didn't have a single project on the
21 acknowledged list and the rationale in the item suggested
22 that we would have the most. And so size is probably not
23 what's driving a school district's decision to file. There
24 are many things going into it and we think it's important
25 that OPSC pull experts in to try to understand that better,

1 especially when the outcome is to suggest that to create
2 equity, we stop moving forward with at least the receipt of
3 applications.

4 And you've heard also from others that having a
5 list of applications at the very least is important so that
6 it can demonstrate need. It's not just need for state
7 funding, though. At the local level, having a list like
8 that or having a program that exists also signals to our
9 constituents, our local constituents, that we have partners
10 and that when we try to push forward our local bonds, we're
11 not necessarily going it alone.

12 And for LAUSD, the state has been our best
13 partner. We access funding programs from all over,
14 including the federal government, but the state has been our
15 best contributor to our program. And so for the state to
16 say we're no longer going to receive applications tells our
17 constituents, well, maybe your best partner is no longer
18 available and maybe we shouldn't continue to invest locally
19 in schools.

20 We were also a little shocked I guess by the
21 specifics of the justification in the item. It seems that
22 OPSC was trying to suggest that more than 50 percent of
23 program funds should go to small school districts.

24 It looked to us, just using the data that was in
25 the item, that small school districts might have been

1 getting more than a proportionate share of the funds based
2 on enrollment, which we would say is probably most
3 appropriate. We certainly don't think more than half of the
4 funds should be going to the smallest districts since they
5 have less than 10 percent of enrollment, but we look forward
6 to opportunities to work with the state and other
7 stakeholders to try to find out what would be fair for
8 everyone.

9 We did do some of our own analysis to try to look
10 for what might be a better approach, and one thing we found
11 was that many of the small school districts in the state
12 only have one or two schools and it may mean that they have
13 no need for program funds at all. And so some of what OPSC
14 may have been seeing in the data may not suggest inequity as
15 much as they don't need the program funds or they can't
16 qualify for the program funds or they've already accessed
17 the program funds that they needed.

18 And so we just think there's a lot more that needs
19 to go into an exercise like this one and we would very much
20 like to work with everyone throughout the state and the
21 stakeholders to try to find a good solution.

22 As for possible options, our preference would be
23 for the state to continue to accept and process
24 applications. We're not fans of the acknowledged list
25 partly because it costs so much to file an application only

1 to have it sit in a room for several years. So our
2 preference would be if you're going to stop or end the
3 acknowledged list that you go back to maintaining the true
4 unfunded list and continue to process, but we are open to
5 any options that anyone wants to put forth.

6 MR. TURNER: Good morning. My name is Steven
7 Turner. I work for Mendocino County Office of Education.
8 I'm here representing the 12 districts and about 15,000
9 students in our county and I'm not as eloquent a speaker as
10 the rest you've heard this morning, so I'm going to read to
11 you the comments that I wrote for this meeting.

12 So we all want the best education for our children
13 no matter where we live. Many studies have documented that
14 the condition and adequacy of facilities either supports or
15 inhibits the educational success of students and the
16 performance of their teachers.

17 Our governor has often stated that he believes
18 local communities are responsible for setting local
19 educational priorities, which includes funding local school
20 facilities. However, the state continuously adds
21 regulations and requirements dictating how schools are built
22 and maintained which add extra mandated costs.

23 A partial list includes prevailing wages,
24 contracting requirements, geotechnical surveys, and the
25 evening Field Act requirements. Not only that, schools must

1 then pay fees to the state to verify that the district's
2 state licensed professionals are conforming to the
3 additional state requirements.

4 So these state mandates which by law have priority
5 add a significant cost to construction. When we look
6 closely at communities across the state, we see a tremendous
7 range of property values and a corresponding range of those
8 communities' ability to pay for school facilities.

9 Many are able to provide rich learning
10 environments in addition to meeting the state requirements.
11 However, many rural and poor communities find themselves
12 housing their students and teachers in far less than ideal
13 settings.

14 I believe the state has an obligation to provide a
15 basic level of facility funding to offset those mandated
16 facility costs which exasperate this economic disparity.

17 As you know, there are many upfront costs required
18 before a district may apply for state bond funds. Design
19 professionals must be hired, often surveyors and
20 geotechnical engineers as well. Several state agency
21 approvals must be secured and DSA must approve the
22 construction plans all prior to submitting a funding request
23 to OPSC.

24 After the previous bond funds were fully
25 committed, schools continued to submit applications which

1 were placed on the acknowledged list with the hope of
2 receiving future state funding. The need to preserve our
3 existing facilities and accommodate student population
4 growth continued despite the lack of an immediate bond
5 measure.

6 The fact that many districts would bear the cost
7 of submitting an application to the acknowledged list is a
8 true representation of the unmet facility funding needs in
9 California. However, the list probably only represents the
10 tip of the iceberg of the true need.

11 Eliminating the list will further mask the
12 underfunding of school infrastructure and delay continued
13 bond support accelerating the degradation of school
14 facilities and our children's education.

15 On behalf of the Mendocino County Superintendent
16 of Schools and the schools in Mendocino County, I implore
17 you to withdraw this proposal to change the regulations.
18 Thank you.

19 MS. LOSKOT: Hello. My name is Corinne Loskot
20 with Corinne Loskot Consulting and I'm a consultant that
21 does school facilities funding and planning for school
22 districts throughout California and I'm here on behalf of
23 our school districts that are concerned about this proposal.
24 They share the concerns that have been expressed to date and
25 we also very much appreciate all of the hard work that the

1 OPSC staff has done, particularly in being here today and
2 all of the years of effort and expertise that you, Barbara
3 and Michael, have provided in preparing the applications
4 that have come before you.

5 The districts that I represent have benefited with
6 millions of dollars to improve their schools and add to
7 their schools and we appreciate that very much and we want
8 very much to have them participate in that for years to
9 come.

10 So the districts are concerned about the negative
11 impacts to the SFP resulting from the proposed regulations.
12 While the intended consequence may not be to dismantle the
13 program, the unintended consequences do indeed dismantle the
14 program.

15 They dismantle it because there are districts that
16 have projects that aren't in DSA that are being planned.
17 They take a long time to plan big projects. If they are not
18 in DSA today and they are new construction projects, it is
19 not envisioned that that project would be an application
20 that would receive -- that would be submitted to OPSC before
21 new construction funding is exhausted.

22 So you have an example right there that the
23 message to that district is your project that is not in DSA
24 that might be a building addition, a portable addition, a
25 new school is something that you have to envision funding

1 yourself or we don't know what to tell that district if this
2 proposal moves forward because there is no opportunity to
3 file an application if this moves forward. That is the
4 message that those districts are getting from this proposal.

5 So when you're thinking about the comment you're
6 hearing about they feel that this is shutting down the
7 program for that kind of application, and there are many
8 like that, that is where that's coming from.

9 So further to the point of not understanding why
10 we think that this shutting down the program, we don't know
11 how and when the OPSC staff can calculate when state funding
12 will have been exhausted and this is because we -- those of
13 us that study the workload list, we might look at a funding
14 application value on the workload list and see that the
15 grant calculation that shows up on the workload list is a
16 simple calculation of the amount of grants that were on the
17 application 5004 form multiplied by the grant value and you
18 have that value shown there, but it isn't processed.

19 When you put that grant value on the application
20 or on the workload list, it hasn't been scrutinized. It is
21 possible that that application may be ineligible. It may
22 not be qualified. It may be qualified for more money than
23 is shown on the workload list.

24 So our concern is that the workload list may
25 significantly understate or overstate the amount of money

1 that is really in demand on the authorization, so your queue
2 may not last till December 2018 or it may last a lot longer.
3 There is no way to predict from the workload list
4 accurately.

5 So our concern is using the workload list to try
6 to estimate the exhaustion level and I don't know if OPSC
7 can respond to how that might be measured for the exhaustion
8 level, but it's an important point for those of us that hear
9 that you're going to determine when you're going to stop
10 applications based on the level of exhaustion because you
11 don't process them until the point when you think you have
12 bond money. So I'm not sure how that catch-22 works.

13 Further to that point, if you are not processing
14 all the applications and you're trying to determine when the
15 money is exhausted, if you don't process them, how about the
16 scenario where you have an underestimation, what happens
17 when there is more money and then how do you develop a queue
18 to deal with any monies that might become available.

19 So that just points out the benefit of having an
20 acknowledged list or a true unfunded list and then the final
21 point I wanted to bring up is that you had something that I
22 always referred to as an insufficiency resolution that was
23 required with every application.

24 The school board had to provide this with each
25 application. The insufficiency resolution had extensive

1 wording in there that relieved the SAB of any obligation.
2 It had the school board acknowledge that there was no
3 guarantee of funding and this was an item that was required
4 with each funding application right up until January 2017,
5 had to come in to OPSC with the 5004 form, and only with the
6 passage of Prop. 51 was that no longer required.

7 So this tool served to relieve the state of all
8 perceived obligations and so I'm wondering why at the very
9 least would this not be something that the state would use
10 as an alternative to ceasing acceptance of applications.

11 So I could go on, but there are other people that
12 probably wish to speak and I thank you all for your time.

13 MR. WATANABE: Just a quick comment, Corinne.
14 That was kind of my fault. We'd talked about the queue, the
15 list, and how that works. We've talked about that
16 internally too, that based on the workload list, we are
17 guessing when on the October 2018 new construction, for
18 example.

19 We think that by the time regulations are
20 approved, we'll actually have a queue that's already
21 generated from those projects, and also what we've talked
22 about in the item is health and safety projects.

23 We get several every single month and because they
24 get first priority and we process those applications first,
25 we think we'll always have a buffer there. We get so many

1 new health and safety and now seismic being expanded that we
2 will get enough applications and using the returning bond at
3 the rate of the program that we'll have a build-in queue on
4 the backend.

5 MS. LOSKOT: Thank you.

6 MR. LENNOX: Good afternoon. My name is -- or
7 good morning. My name is Derrick Lennox and I'm here on
8 behalf of the Capistrano Unified School District. First
9 off, I want to thank the State Allocation Board and OPSC for
10 putting together the stakeholder engagement process.

11 As a stakeholder, you know, we work with a lot of
12 state agencies and the Legislature along the way and our
13 general experience as advocates on behalf of schools is that
14 it really makes a big difference when we feel like, you
15 know, our comments are being heard, that they're taken into
16 consideration, and in general, it makes better policy. So a
17 big thank you for that. We appreciate this opportunity.

18 You've heard a lot about the big picture here
19 today about how districts feel about this type of proposal
20 and what the experience is going to be statewide in terms,
21 you know, demonstrating demand and so forth.

22 What I want to express to you today on behalf of
23 Capistrano is how it will affect them locally. So at the
24 local level, you know, the district has really been working
25 on raising that local revenue in order to meet its demand.

1 It's a district -- pretty large, 53,000 students, and for
2 those 53,000 students, there is an eligibility at the state
3 for over \$250 million.

4 So needless to say, even when they're able to, you
5 know, work with their voters and get that local matching
6 share as well, it's going to be no small lift to get all
7 those projects done and, needless to say, there's no way
8 they can get it done without that partnership from the
9 state.

10 So bringing it back to today's conversation,
11 changing the rules at this late point in the game is going
12 to be a really challenging thing for a district like
13 Capistrano and certainly many others in the room who have
14 been planning for years to do their local matching share but
15 also years to do their master plan and figure out what they
16 need. And to now find out that this one, you know,
17 seemingly small rule be tweaked, it's actually a really big
18 deal for the district because it plays into can they get it
19 done in the first place.

20 So if anything, you know, I think that the
21 exhaustion of Prop. 51 dollars does provide evidence of
22 something. I don't think that that's something of the need
23 to stop accepting applications. If any, I think it's
24 evidence of the need to process the applications we have as
25 quickly as possible, to get the money out there to schools,

1 and if we in the, you know, agency world, the Legislature,
2 the stakeholder community all feel that there is a need for
3 a more equitable program with better rules that's, you know,
4 incorporating what we've learned over the past 20 years
5 about what works best, that's the time to do that.

6 But to start changing course without a new
7 direction doesn't seem like the right solution to us at this
8 point. So thanks again for your time. We really appreciate
9 it.

10 MS. KAPLAN: Good morning. My name is Lisa
11 Kaplan. I'm an 18-year attorney, but I am also the former
12 Assistant Executive Officer for the State Allocation Board
13 and former chair of the implementation committee.

14 I am also a delegate for the California School
15 Board Association and chair of the nominating committee for
16 the California School Board Association, so I work with
17 districts. I am a board member and my expertise is I work
18 in and around school facilities. So I'm using all of my
19 knowledge today in my crosshairs.

20 And I've had the pleasure of working with you,
21 Barbara, Michael, Brian, and we used to have an
22 implementation committee and we did really, really good
23 work. Hello. We did priorities in funding. We were able
24 to make a major shift working with all stakeholders to come
25 forward of something. So I know when we work together and

1 we get feedback from experts in the field we can make
2 changes to the program that address some of the concerns
3 that have been brought up.

4 I mean we dealt with financial hardship and made
5 changes to the program. We did environmental regulation
6 changes. We even -- I chaired the Audit Subcommittee, which
7 it took ten years, but our recommendations from the Audit
8 Subcommittee finally came together and were approved by the
9 governor this year.

10 So there has been a very, very long past of
11 working together and you guys are inside, so you have the
12 inside knowledge. But there are those of us who are either
13 board members or work in facilities or build these schools
14 and work with districts that actually know on the ground the
15 real impact that I hope that OPSC will -- first and
16 foremost, let's reconstitute the implementation committee.

17 I mean Debbie was on there many years ago, Shawn,
18 LAUSD. We still have these experts that can work together
19 to come up with ideas. Instead of stopping the program, we
20 have the ability to fix the program and it's been shown by
21 past work.

22 My concern as we look at this because I am also an
23 attorney, the unintended consequences of lawsuits that could
24 potentially be presented to the State Allocation Board by
25 unknowingly moving forward this. You potentially have

1 Level 3 triggers. You potentially have severe hardship
2 impacts, Williams style lawsuit, Serrano vs. Priest,
3 disproportionality and disparity that these unintended
4 consequences open up that door.

5 And then I want to talk locally as a school board
6 member. Our taxpayers expect when we go out for a bond and
7 that expectation has been there since 1998 and that's now --
8 you know, if you were a voter in 1998, you're the main voter
9 we're going towards to help us fund and vote for school
10 construction bonds.

11 If there is no ability to tell our local taxpayers
12 we are working with the state on matching funds, school
13 bonds will start tanking. If you can't -- because every
14 single bond I see throughout the state of California talks
15 about potential matching funds that they may be able to
16 access.

17 Taxpayers rely on that. They expect us -- that
18 from us as local board members and my concern is not about
19 areas that pass bonds, but what about the areas that don't
20 and then that falls back into Williams and Serrano, the
21 disproportionality, the inequality that we're looking at.

22 Small school districts, urban school districts,
23 that have severe needs of even new roofing, air
24 conditioning, you name it, we're putting them out to dry on
25 the hook and hanging them and in effect we're hurting those

1 kids and their education.

2 So I know you may think that's a stretch, but the
3 first thing kids learn and work in is the facilities and a
4 healthy, well-regulated temperature facility increases
5 learning automatically and I would hate to have OPSC be the
6 leader in unintentionally stopping this program which
7 prevents boards from passing bonds. Thank you.

8 MR. WATERS: Hi. Darrin Waters, deputy
9 superintendent, Val Verde Unified down in Riverside County.
10 Thank you for taking this time today with us. I really
11 appreciate the opportunity to provide some input.

12 I believe a needs list is needed. We're going to
13 need to be able to evaluate, justify, and size any future
14 bonds, and without that list, we're not going to really
15 have, I don't believe, a good understanding of what that
16 need really is.

17 From a practitioner's perspective and a school
18 district, I also need to know that where I'm at on the list.
19 I could see a value to see where I'm at, so I can plan for
20 the future because it's so far out from the time that we
21 start thinking about, oh, my God, we got these kids coming
22 and I got to build a new school and where am I going to do
23 it, I'm working years before you see anything from us on
24 trying to plan that.

25 It gives a little certainty if I can look at that

1 list and say -- and tell my board that, hey, look, we need
2 to get moving now because the list is filling up and we're
3 seven years out or four years out or whatever it is. Just
4 it helps us if I'm going to have to have that school -- or
5 when I'll have participation from the state to help build
6 that school and also what is my local participation going to
7 have to be to -- in the situation I'm dealing with right now
8 where I've had to front the money -- not me, but our local
9 bond has had to front the state's portion at the cost of
10 other projects. So we'd like to see that list continue.

11 A couple comments on the staff report. Equitable
12 access, there's some great charts on there talking about the
13 dollars that have gone on enrollment, but really I think
14 it's a little misleading to me and maybe I was missing
15 something.

16 If staff could take a look at dollars per student
17 for those districts or students per project because if I'm
18 building an elementary school for a thousand kids and my
19 neighbors building it at a small school district for a
20 hundred, yeah, I'm going to spend more -- it's going to cost
21 more money to do mine, but are we satisfying the needs of
22 both of us and the answer would be yes.

23 But more dollars would be going to that larger
24 district. So just a deeper analysis that might be
25 beneficial.

1 The topic of the future enhancements, we need to
2 consider the impact of areas with low assessed valuation.
3 Riverside County has some very low assessed valuations per
4 student. It's very difficult for us to get our local
5 matches together, even when the program is functioning
6 without a hitch.

7 Without state participation, our high growth areas
8 with low AV will not be able to house students.

9 Eligibility, again, the analysis talked about --
10 in your staff report, about the first 50 applications and
11 how the eligibility changed for all these different schools
12 and that didn't surprise me. Enrollment projects are
13 exactly that, they're projections.

14 And enrollment projections, those of us that are
15 in this business, know they're exactly wrong. We try to do
16 the best we can, but they're going to be wrong. It's just
17 by -- you just try to minimize that spread on how wrong you
18 are.

19 So those first 50 are from the, what, 2012, 2013
20 timeline and that's getting back pretty far. So I would
21 anticipate a lot of those districts would have a significant
22 change in their enrollment projections and consequently
23 their eligibility.

24 So it was a little -- to me, again, a little bit
25 of grabbing a low hanging fruit and not really looking at

1 that full load of projects that are in there.

2 Expired approvals is a problem I've had to work
3 through my district. It is a challenge and I don't know if
4 there's something we can administratively to regulations to
5 alleviate some of that, but it's certainly something I would
6 agree with staff this is a problem that will need to be
7 solved going forward. Thank you.

8 MR. LYON: Yes. Hello. Richard Lyon here today
9 on behalf of the California Building Industry Association,
10 consultant to CBIA. In a prior life 20 years ago, I
11 represented the home building industry in the discussions
12 that ultimately became Senate Bill 50.

13 The proposal to limit or to stop altogether
14 applications to the state program is of deep concern to us.
15 We think that it has ripple effects, policy impacts that go
16 deep into the program and that have not been either
17 adequately addressed or completely understood.

18 The architecture of the school facility program is
19 as others have indicated a shared partnership and districts
20 are part of that partnership. They can decide whether or
21 not they participate in the state program. If they do, they
22 have to live by the rules of the program, but the benefits
23 they get is they get access to state funding and they also
24 get to charge higher than normal developer impact fees.

25 In the new construction context, builders pay fees

1 to mitigate their impacts. That's been, you know,
2 constitutional law for decades and you will normally do a
3 constitutionally required nexus analysis to determine what
4 the appropriate fees are for your impact in the school
5 facility context and that is called a Level 1 fee.

6 When the school facility program was put together
7 and the shared partnership was agreed to, builders agreed to
8 not only pay the Level 1 fee, but we agreed to go far beyond
9 that. We agreed that if the districts were not able to come
10 up with the local match to match the state's portion that we
11 would be there to backstop the districts to ensure that they
12 are able to provide the match so that they can participate
13 in the state program.

14 That's the way the program is operated. It's been
15 a good program. We believe in it and we're more than happy
16 to continue that process.

17 In order for a district to be able to go beyond
18 Level 1 and charge a Level 2 fee, they have to actively
19 participate in the state program. They have to submit
20 timely applications to the state and those applications have
21 to be accepted.

22 If applications are not able to be made to the
23 state, if the process or the spigot is shut off, then
24 there's a real legitimate issue out there about whether
25 districts would have the legal authority to go to the

1 so-called 50 percent Level 2 fee.

2 We aren't arguing that we want that shut off. We
3 aren't saying, great, let's limit fees. We are more than
4 prepared to pay those fees. We'd point out, though, that
5 pulling -- administratively going in and trying to
6 surgically address something as fundamental to the state
7 program as applications, as policy impacts that ripple
8 throughout the program, and they have real severe policy
9 impacts in terms of districts being able to ensure that the
10 match is there -- so that they can participate in the state
11 program.

12 So in prior years before SB50, the program was
13 fraught with litigation, with strife. There was a lot of
14 litigation that went on between school districts and
15 builders. Over the past 20 years, that has pretty much been
16 tamped down.

17 A little flare-up here or there, but we've all
18 lived under the rules of the program because we believe in
19 the partnership and we believe in the equities that the SB50
20 provided for the funding partners.

21 So we see the application proposal by OPSC as
22 upsetting that and having ripple effects that we think are
23 really policy issues that need to be addressed by the
24 Legislature.

25 MS. CURRY: Good morning, Barbara, Michael, and

1 Brian. Thank you very much for the opportunity. My name is
2 Lindsay Curry. I'm with the Riverside County Office of
3 Education and along with Steve from Mendocino County, I too
4 will comment this morning on maintaining a list of
5 applications from the County Office perspective.

6 Because County Offices do not have the authority
7 to issue local school bonds, the school facility program is
8 critical to our efforts to construct and renovate
9 classrooms. The list in turn allows County Offices to
10 demonstrate to our district that we are ready to move
11 forward on joint construction projects where we are building
12 an inclusive site in serving our students in their least
13 restricted environments.

14 Almost by default, the County Offices require
15 financial hardship assistance. The list allows financial
16 hardship projects to begin the planning process and reserve
17 a place in line for when funding becomes available for site
18 acquisition, design, and construction funding.

19 Planning and designing a project and obtaining the
20 needed local and state agency approvals can take many years.
21 Eliminating the list would remove an important component of
22 local project planning. To do so would disadvantage our
23 projects, putting them further behind applicants with
24 greater access to local resources.

25 Hardship projects would then struggle to complete

1 with the submittals that would occur once funding becomes
2 available and applications are again being received.

3 We are not asking for OPSC staff to conduct a
4 complete funding application review or certify that the
5 program will remain the same or guarantee that projects will
6 receive funding when it becomes available. We are simply
7 asking OPSC to keep a list of applications in date order
8 received.

9 For these reasons, we will continue to recommend
10 that the list be maintained and we will respectfully oppose
11 the proposal if and when it is brought to the State
12 Allocation Board in August. Thank you.

13 MR. CONTRERAS: Good morning. I am Hilbert
14 Contreras. I'm the chief facilities and operations officer
15 for Dublin Unified School District.

16 As many of you know, Dublin Unified School
17 District is one of the most impacted school districts in the
18 state. We currently educate approximately 11,600 students
19 in our 11 schools despite having facilities with capacity
20 for 10,200.

21 With the deficit of over a thousand spaces, we
22 anticipate an initial growth of 2,000 students over the next
23 five years and for these reasons, Dublin Unified has
24 identified the need for construction of new schools and the
25 modernization and expansion of existing schools which total

1 over \$600 million.

2 We have done all in our power to increase our
3 facilities capacity, including by maximizing developer fees,
4 regulating and negotiating agreements with developers, and
5 passing multiple local school bonds.

6 Despite our efforts, the district's ability to
7 rely on local funds for facilities is extremely limited as
8 Dublin Unified is currently at 111 percent of its bonding
9 capacity.

10 Dublin has always done all it can to take its
11 place in line for state funding for facilities. This
12 includes the steps needed to plan ahead for the next round
13 of state funding when state funds are not available.

14 Currently, we have eight projects in line for
15 funding for new construction and modernization. Those
16 projects total approximately \$72 million. One application
17 has been in line since September of 2014.

18 The SAB proposed action is a direct threat to
19 Dublin Unified as it will thwart our efforts to plan ahead
20 for state funding, resulting in undue strain upon Dublin's
21 already limited capacity to raise and use further local
22 funds.

23 Contrary to the findings in the OPSC staff report,
24 the applications received beyond authority list allows large
25 and small districts alike to anticipate future state funding

1 and to plan ahead.

2 To suddenly end the current program potentially
3 substituting a new system in which a place in line no longer
4 matters would impact our district greatly given that we have
5 already expended substantial sums in obtaining the required
6 approvals for projects in the hope of eventually receiving
7 state funding.

8 By no longer accepting applications, OPSC would be
9 punishing districts like Dublin Unified who spent the time
10 and resources to plan ahead in seeking funding from the
11 state through the SFP and potentially rewarding those that
12 have not.

13 The underlying need that the establishment of the
14 applications received beyond authority list in 2012 has not
15 diminished. In addition of securing a school district's
16 place in line, the list serves to demonstrate the ongoing
17 facility needs in the state by creating a system whereby the
18 SAB could track projects in between bond measure.

19 The list also serves to tell the story of school
20 facilities needs in California factoring into consideration
21 of whether and when a new state bond measure would be
22 needed. Thank you.

23 MS. MILLER: Hi. I'm Amy Miller. I am the board
24 president for Dublin Unified School District. I'm also a
25 delegate to CSBA and I just want to say that I really

1 appreciate having a stakeholder input meeting.

2 We were here and attended a lot of State
3 Allocation Board meetings and met with OPSC during the whole
4 conversation about Developer 3 fees and I felt that our
5 voices were heard and so I feel very hopeful being here and
6 having you take this input, I know it's meaningful. So I
7 just want to say I appreciate that.

8 And I'm not going to repeat a bunch of the
9 statistics. I'm going to sort of give you what it's like a
10 trustee in a city where our growth needs are exponential.
11 We're the second fastest growing city in the state.

12 We keep growing almost a school year, you know, in
13 students and we've really struggled. We've done everything
14 that has been asked of us. We have passed over \$600 million
15 in bonds. We have sat down with developers over and over.
16 We have many mitigation agreements in place.

17 Our city has done something unprecedented in
18 partnership with us and they have actually given us two
19 parcels of land, both 12 acres. One, we're opening a K-8
20 school in the fall. We didn't have to pay for that land.
21 Only had to pay for construction. And they just gave us
22 another one that we have up to ten years to build another
23 K-8 school.

24 And so we have really worked together as a city
25 with constituents, but what's happened because of the lack

1 of state funds, we've had to defer projects that we promised
2 our constituents when they voted on bond measures to build
3 new schools -- to open schools because we just don't have
4 seats. I mean we just have kids coming so quickly.

5 And what it's done it has literally divided our
6 city in two. We have recall efforts going. We have people
7 running on campaigns where all they want to do -- I mean
8 they're insistent that the developer should fully be funding
9 schools, and we know that's not going to happen. We
10 understand the law. We understand the constraints and it's
11 a three-way partnership. We've always considered the state
12 our third leg of our facilities funding.

13 And so when you talk about, you know, why do you
14 think this is ending facilities funding, for us, like Bert
15 said, we've been line since 2014 for \$28.8 million on a
16 school that we built, deferring projects, borrowing money,
17 you know, and we do these things strategically knowing that
18 if we take out a bond, you know, that we'll have bond
19 issuance later on to repay it somehow if we have to front
20 cash on a project and I think it's my understanding for new
21 construction, if you are actually occupying the building,
22 like you've actually moved in and you start utilizing the
23 building, you no longer meet the eligibility to apply.

24 So if you take away the ability for us to get in
25 line, we may be occupying that brand new building before we

1 even get to submit an application depending on what happens
2 with the state facilities program. So it actually would
3 eliminate our ability to even collect matching funds on that
4 and that's really concerning for us.

5 I mean honestly this gives us an ability to plan
6 and be strategic and it's not that -- you know, we say we
7 know we're in line. We know at some point we'll get this
8 apportionment. We don't know when, but at least we can sort
9 of plan for it.

10 You know, if we don't have that ability, first of
11 all, our -- in Dublin, our constituents that live there now,
12 they're not going to pass any more bonds. I mean I think
13 those days are over.

14 They literally are recalling people because we
15 don't have a second high school. Even though we're getting
16 ready to build one, it didn't happen as quickly as they
17 wanted to. I mean this whole program is kind of holding us
18 together and at least giving us the ability to say no, we
19 are going to build new schools. We are going to modernize
20 our old schools.

21 I think -- you know, you asked about proposing
22 solutions and I hadn't thought about that before I came.
23 One of the things I could say is really just a reform of the
24 school facilities program. I think it's worked for a lot of
25 people, but I think the one size fits all sort of formulaic

1 way of being and I know the developers might not agree with
2 me, but Level 2 and Level 3, like we fought to collect
3 Level 3 fees and then we got sued by the developers for
4 collecting Level 3 fees. So we really didn't collect very
5 many. We ended settling or going back to Level 2.

6 If those fees go away, like our Level 2 fees that
7 are supposed to meet 50 percent of construction costs, they
8 don't. Level 3's supposed to meet a hundred percent, they
9 don't. They might in a city where it's not 2- or \$3 million
10 an acre for land or the construction costs are lower, but
11 the one size fits all formula in the school facilities
12 program doesn't meet the needs of the students in Dublin and
13 that's who I'm speaking for.

14 So I'm not saying it's a bad program. I think
15 it's definitely been a great program and I'm grateful for
16 it, but I think in terms of a proposed solution, I would
17 suggest maybe looking at some reform where it's more
18 individualized per area, per district, something.

19 I know that's a lot of work, but I'm not really
20 sure how that would look.

21 And then the other thing I just want to say is
22 that I -- you know, depending on this goes and I'm not
23 exactly sure how to read it, but I mean I could get our
24 whole city up here, you know, for the next State Allocation
25 meeting and I feel pretty confident that you are all good

1 listeners. I mean I experienced that already once.

2 So I think there's been a lot of people here. We
3 all seem to be on the same side except for one, you know,
4 entity and I just don't know -- and I guess -- and I'll just
5 say it. I mean the rumors are, you know, this is what we
6 hear as trustees and this is what we're all talking about,
7 but the governor doesn't want anything to do with state
8 facilities funding anymore and I think that's why we all
9 have this knee-jerk reaction that you're getting rid of the
10 program.

11 So I think that was the impetus for us to all come
12 up here and I think that's what we're thinking, but also in
13 terms of all the unintended consequences of not having the
14 list. I think that's the most important thing regardless of
15 what the governor's intentions are or not. But that's kind
16 of why we all freaked out because that's what we're hearing.

17 So thank you so much for listening. I appreciate
18 it.

19 MR. PACE: Good morning and good morning to those
20 directly behind me. It's kind of ominous to have two people
21 sit behind you as you speak. My name is Thomas Pace. I am
22 the proud facilities director for the San Bernardino City
23 Unified School District.

24 I wanted to give you some background on our city
25 and I think it's germane to the topic because I think that

1 the proposed changes are going to have a drastic impact on
2 our city.

3 We service over 55,000 students, 5,000 of which by
4 definition are homeless. The poverty rate of San Bernardino
5 is over 30 percent. We have the highest crime rate in the
6 state. We have gone through terrorists attacks, bankruptcy,
7 school shootings.

8 To say that our need is great is an
9 understatement. Over the past 13 years, we've invested over
10 \$1 billion of capital funds in our schools. 13 years ago
11 our grad rate was just a tic under 60 percent. If you think
12 about that every year -- 12,000 students are in our high
13 schools. When you think about 2,000 students each year not
14 graduating, that's pretty sad.

15 13 years later after our capital investment in
16 students, our grad rate is over 90 percent. We know there
17 is a direct correlation for capitalization of students in
18 their performance in the classroom.

19 Our students -- I'm a proud water polo coach in
20 San Bernardino. The students I have believe that their
21 schools are lighthouses in turbulent waters. They don't
22 want to go home. Practice would end and they would stay on
23 campus.

24 The acceptance of applications is hope to a
25 community that needs to rebuild. I often joke that I'm the

1 largest developer in San Bernardino. There is no other
2 development in San Bernardino outside of our schools. These
3 schools provide hope and by turning off the spigot, by
4 turning off the acceptance of these applications, you are
5 turning off the hope of a community.

6 You are turning a back on some of the most
7 neediest of your constituents. What was it, five years ago,
8 we passed our last local bond with a participation of over
9 80 percent. For a community that struggles to feed its
10 students, to clothe its student, they passed a bond for
11 \$250 million with the anticipation of state aid.

12 By saying you're no longer accepting applications,
13 you will diminish my opportunity to sell future bonds. You
14 will crush our hopes of obtaining Level 2 developer fees or
15 higher.

16 We anticipate on growing over 11,000 units in the
17 next ten years. By not collecting the highest level
18 developer fee, you will be impacting financially one of the
19 state's neediest communities.

20 I appreciate the time. We appreciate you
21 listening. Thank you.

22 MS. KISSEL: Good morning. Thank you very much
23 for having us here today. My name is Julie Kissel. I'm the
24 director of facilities for the Chico Unified School
25 District.

1 Chico's about two hours north of here. We have
2 13,000 students, so we're not large. We're not small.
3 We're kind of in the middle. We're growing and we're
4 thriving. We have 21 schools.

5 Our facilities master plan identifies over
6 \$400 million of identified facility needs. We passed
7 Measure E, a local bond in our area, in 2012 -- actually a
8 tax extension in Measure K in 2016 with the promise that we
9 would do the hard work of leveraging those funds with every
10 potential source that we could pursue that with, the state
11 being our major partner.

12 We were able to modernize our high schools,
13 working along with our partner, the OPSC and DSA, to really
14 improve our schools for our high school students. When we
15 develop our facilities master plan, we had the intention of
16 tackling our junior high schools, which we did with
17 modernization and new construction projects and we have
18 submitted applications that are sitting in that waiting
19 list.

20 We used our local dollars to fund those projects
21 with the hope that we would be able to leverage those funds
22 to continue doing that good facilities work in our district.

23 If you cease to stop accepting applications, I
24 think that will prevent our ability to pass future bonds in
25 our area.

1 We are surrounded by agriculture. You know, our
2 city is pretty much built out. Developer fees will be
3 diminishing. So our ability to fund these important school
4 projects will be very severely impacted.

5 So we would urge you to do the important work to
6 make whatever modifications or improvements are necessary to
7 the SFP program within the existing tools that you have to
8 do that important work, but please do not stop or do not
9 cease accepting applications. That would be very
10 detrimental. Thank you.

11 MS. CUNNINGHAM: Good morning. Elona Cunningham,
12 Jack Schreder & Associates, and we serve as a school
13 facility consultant to small, medium, and large districts
14 throughout the state.

15 And in the interest of demonstrating the need for
16 a future bond, it's critical that the state continue to
17 accept applications. It's difficult to show a need without
18 empirical data and the acceptance of applications would
19 provide that data to state voters to show that there is a
20 need.

21 On behalf of our clients, we request that you
22 continue to accept funding applications.

23 And on another note, with regards to the equity of
24 the program, we acknowledge that it is a challenge for small
25 districts to access state funds due to limited staff

1 resources and just resources in general.

2 However, we'd like to point out that the SAB item,
3 pages 102 and 103, of the item show that 9 percent of the
4 funds have been apportioned for small school districts,
5 while 7 percent of the state's enrollment is for small
6 districts. Thank you.

7 MR. FROST: Good morning. My name is Jeff Frost.
8 I represent the California Association of Suburban School
9 Districts, which is about 40 of the largest suburban
10 districts in the state.

11 Two districts that you have heard from today, San
12 Juan Unified and Dublin, have or are active members in that
13 organization. I also represent the Central Valley Education
14 Coalition which are the school districts and county
15 superintendents in the counties of Tulare, Kings, Madera,
16 Fresno, and Merced counties.

17 They each have a little different perspective in
18 terms of overall need. Suburban districts obviously have a
19 different take on issues like hardship than my central
20 valley clients do which are mainly rural and poor. You have
21 also heard from a couple of people today who have spoken
22 very eloquently on that.

23 I wanted to provide a couple of sort of
24 overarching points given that I'm not here representing one
25 individual district, but a series of districts who have

1 school facility needs in the state program.

2 I want to start by saying continuity is critical.
3 I think you've heard that in a number of ways, but I'll put
4 it in the superintendent or school business officer
5 perspective just looking at school funding issues -- not
6 school facilities but school funding generally.

7 They would rather have continuity of funding than
8 more funding because continuity creates the ability to plan
9 and you have heard that in terms of the application process.
10 That's the equivalent of your LCFF funding. If you don't
11 have that, if you shut that off, you change the entire way
12 that local school districts look at their planning and the
13 political elements of passing local bonds.

14 Everyone needs to make sure that they can say
15 there's a state share. If the state is not a partner -- and
16 I go back 20 years with Mr. Lyon in terms of the SB50
17 program, and he is right in the context of unbelievable
18 antagonism between the parties when that -- or before that
19 program started and subsequently when it was first getting
20 going.

21 And pretty much for the last 18 years, we've been
22 on the same page with the three-legged stool which does
23 include the builders, but in our current situation, it has
24 created significantly more tension.

25 I think eliminating the application process, even

1 if it's for a short term, adds more chaos into that process.
2 I think maintaining the true unfunded list is really
3 critical. People have talked about being able to calculate
4 what the need is.

5 I think you've heard a lot about what that need is
6 today, but I think that is really important. And then the
7 final thing I will say is one thing that I think Mr. Lyon
8 also brought up perhaps in a different context and that is
9 that we're at a point where there is a lack of continuity
10 and sort of togetherness in terms of what the program should
11 look like moving forward.

12 I don't think that should be done through a
13 regulatory process. I think it's time that the Legislature
14 takes a look at the program moving forward. We're about to
15 have a new governor, and I really think that that is the
16 best approach as opposed to the set of regulations that have
17 been proposed today. Thank you very much.

18 MR. VACA: Thank you. My name is Jeff Vaca. I'm
19 with Riverside County Office of Education and I'm
20 representing Riverside County Superintendent of Schools,
21 Dr. Judy White.

22 I have submitted written remarks in writing and I
23 think that most of the points I was going to make have
24 already been made more eloquently and effectively by the
25 speakers who proceeded me, so I'll be very brief.

1 I just want to touch on a couple of -- like the
2 previous speaker from San Bernardino, I want to share a
3 little bit of information about Riverside County.

4 Collectively, the County Office of Education and
5 the 23 school districts in the county, we educate 430,000
6 students. It's about 7 percent of the state's population
7 and roughly quadruple the amount that we were serving in
8 1980.

9 Between the years of 2000 and 2010, we were the
10 fastest growing county in the state, but at the same time
11 because of the recession and other factors, our land wealth
12 dropped precipitously during that period.

13 So it is not hyperbole or an exaggeration to say
14 that without the school facility program -- the statewide
15 school facility program and the partnership between the
16 state and the local school districts, we would not have been
17 able to either build or modernize or improve our school
18 sites in Riverside County.

19 Our dirt is cheap, so to speak, and our mean
20 assessed value per student is just a little over half of the
21 statewide average.

22 So many speakers prior to me have commented on why
23 we see this as -- now this may be a little bit of
24 hyperbole -- an existential threat to the school facility
25 program. I think it's fair to say that we see the list as

1 an expression of the state's commitment to that program and
2 under the circumstances of which this was brought forward
3 with not a lot of notice and it did somewhat catch us by
4 surprise that I think it's fair to say that we did react as
5 if it was a statement on behalf of OPSC that we should be
6 doing away with the school facility program.

7 We agree with many others that there should be
8 changes made to the program. We have been and will continue
9 to be engaged in those conversations and look forward to
10 those conversations. As Mr. Frost stated just prior to me,
11 you know, we also agree that the Legislature should be
12 involved in that conversation and we're hopeful that moving
13 forward we can have that discussion in the next session, but
14 in the meantime, we would respectfully request that this
15 item not be brought forward. Thank you.

16 MS. KAMPMEINERT: Thank you. We are approaching
17 about the -- we're a little past the halfway point. Can I
18 get a show of hands for folks that still want to come up so
19 we could determine whether or not we need to take a break
20 and -- okay. So let's do this. Let's take a quick break
21 until about 11:45 and then we'll come back and we'll keep
22 hearing from folks and go from there. So it's about --
23 let's go about 15 minutes, so 11:45, 11:46. Thanks.

24 (Off record from 11:32 a.m. to 11:52 a.m.)

25 MS. KAMPMEINERT: We're going to get started here

1 in a minute or two, folks. Okay. And we're going to go
2 ahead and reconvene. I'd like to invite up the next set of
3 four.

4 As they are coming up, we wanted to get a sense of
5 two things that we're hearing from the morning session. I
6 guess we're still morning technically -- from our before the
7 break session. And I wanted to get sort of the group's
8 thoughts on this and the best we can probably do is head
9 nods here.

10 But a theme that we're hearing from folks, I want
11 to make sure that we're understanding it and see if this is
12 properly characterized. But what we're hearing from you in
13 addition to a lot of the other points is that despite the
14 uncertainties of the acknowledged list, despite having to
15 submit the document that says there's no guarantees, the
16 lack of guaranteed funding or guaranteed program structure
17 in the future, that even with that risk that the costs that
18 you have spent on your applications to submit and be a part
19 of the acknowledged list is in fact worth it to districts.

20 I just wanted to make sure that we're hearing
21 that, we're understanding that, and that that is a true
22 statement. Okay. Thank you.

23 And then the other piece we wanted to just ask and
24 remind folks of and I know we touched on this a little bit,
25 but we have heard from you keep the existing structure.

1 Obviously, our item says stop. Still looking to see maybe
2 if there was any middle ground, any solutions to address
3 some of the things that we have raised that would meet the
4 needs of folks as far as keeping the list.

5 So if you have those thoughts or as we're
6 continuing to go through speakers, if something new comes
7 up, then please feel free to come back up again, if that
8 wasn't part of your original comments and you'd like to add
9 on for comments like that as well.

10 So with that, we will go to our next group at the
11 table. Thank you.

12 MS. FERRERA: Good morning. I'm Anna Ferrera with
13 the School Energy Coalition. We represent schools statewide
14 on issues related to energy and water.

15 And, gee, I can't really add a whole lot to --
16 speakers have been phenomenal and they're out in the field,
17 so from an energy perspective, after echoing the important
18 timing, continuity, costs, and chaos issues expressed by the
19 earlier speakers, I would only say adding to the complexity
20 of putting together your application are new Title 24
21 upgrades for energy and green codes that must now be
22 followed that given that we haven't had a bond since 2006,
23 we really are going to see a lot of those new upgrades and
24 regulations come into play which will add to the costs and
25 chaos.

1 Schools are also being -- oh, not to mention water
2 conservation standards and storm water on the horizon. It
3 just makes everything a lot more complicated and they have
4 to take these things into account.

5 Schools are also being used most often as staging
6 and relief -- evacuation centers in times of crisis and fire
7 season is now upon us, if it ever stopped.

8 We need schools that are up to date and prepared
9 and resilient. So that means that schools are also taking
10 into account the very real situation that they may face with
11 power outages and other issues that may come up with these
12 natural disasters.

13 So any disruption of the intake in this program of
14 applications I think just adds to the headache and the
15 length of the time and the cost for developing these
16 applications and we would ask you to consider that as well.
17 Thank you.

18 MS. CURLY: Good afternoon. Rebecca Curly on
19 behalf the County School Facilities Consortium. We want to
20 thank you for giving us this opportunity to come here and
21 have this dialogue and really explore and better understand
22 some of the issues that were in the write-up and then to
23 bring our feedback to you.

24 One of the things that we're looking forward to is
25 continuing that conversation. Hearing your thoughts and

1 your response to all the complex issues that have been
2 raised today will be very helpful for us in continuing that
3 dialogue and having a better understanding of your analysis
4 and interpretation regarding all the comments that you've
5 heard today. So we look forward to that.

6 My comments here today on behalf of CSFC are
7 primarily related to the inequity and program enhancements,
8 items that were in the write-up. As you heard previously
9 from some of our executive committee members, County Offices
10 don't have the authority to issue local bonds and so we
11 really are dependent on the state program to fund
12 construction and renovation of facilities.

13 We looked at the data that is in the write-up
14 related to smalls and their participation in the program,
15 and one data point that we wanted to bring back to you is
16 County Office representation in the program.

17 We've received approximately \$1 billion from the
18 school facility program since its inception and that has
19 really gone a long way to doing the projects that help our
20 students such as our special education population, our
21 alternative school students, and others.

22 So for us, the program has really been a lifeline.
23 It's critically important for us to be able to do these
24 facilities which we may not otherwise be able to do.

25 Another thing that I want to bring forward for

1 your thought is the financial hardship program, which is
2 really related to the inequity concept, it anticipates and
3 corrects for disparities that may exist in the ability of
4 districts and County Offices to bring local resources
5 forward.

6 So eligibility is based on the lack of capacity or
7 the age of your building and then the state funding is
8 adjusted based on your ability to pay, and we feel like that
9 is a very appropriate way to think about equalizing the
10 opportunity and access in the program, and for that we've
11 really appreciated the financial hardship program.

12 Eliminating the lists we believe would greatly
13 disadvantage financial hardship districts and County Offices
14 in particular. When there are concerns expressed that the
15 program could maybe better serve those who lack in ability
16 to pay for their facilities or maybe have greater needs than
17 others, the answer to that is not resolved by cutting off
18 the program in hopes that there will be some future program
19 that will better meet needs and fill in those gaps.

20 It doesn't make sense to us to essentially stop
21 the program in hopes that a better one will emerge. And as
22 far as financial hardship projects and how they move through
23 the process, they receive a design apportionment to help
24 them fund the process of going through DSA and CDE and
25 developing their project and then coming back to you and

1 asking for their construction apportionment.

2 If you cut off the list, what it does is we would
3 then have to compete with everyone in the rush once the door
4 opens back up and there's funding available and we would be
5 kind of a step behind in the process.

6 Under the current process, we can at least get in
7 line and say, hey, we need some assistance here and then we
8 begin to move through the process. When funding becomes
9 available, we're at least partly through the process.

10 Absent that option, we don't have a way of moving
11 forward in our planning.

12 And then the last thing that I want to leave you
13 with is the idea that you've heard today from many speakers
14 planning takes multiple years, but really the need doesn't
15 go away and so if we don't have some idea of what we're
16 planning towards, we still have that need that continues to
17 build and for County Offices, we really don't have another
18 way of meeting that need.

19 So with that, I just wanted to thank you for this
20 opportunity and so if I haven't been clear enough, we have
21 great concerns with the proposal and we hope that you will
22 reconsider it. Thank you.

23 MS. PRESTON: Laura Preston with the Association
24 of California School Administrators, and as the previous
25 speakers have said, I can't repeat or even want to try to

1 repeat what some of the prior speakers have said, especially
2 those who are coming from the field. Those are the types of
3 things we hear all the time from our members statewide.

4 The one issue that I want to bring up and it's a
5 little bit of bird walk, but it hasn't been brought up today
6 at all, just more of FYI, is the recent budget that just
7 passed has all day kindergarten facilities in there and it's
8 going to be on the State Allocation Board to develop the
9 regs and to go ahead and distribute the money for those
10 programs.

11 There is going to be -- once you're done figuring
12 out what those regs look liked, there will be a definite
13 cause and effect to the applications that are coming in from
14 school districts for their other projects. So we're
15 concerned that if you stop accessing -- or accepting
16 applications now, it's just going to confuse the field more
17 for those districts that are interested in accessing these
18 resources for all day kindergarten. Thank you.

19 MS. HOFFMAN: Erika Hoffman on behalf of the
20 California School Boards Association and our over 5,000
21 members and the thousand districts and County Offices
22 statewide who are all in opposition to these regulations.

23 I do want to associate myself with most of the
24 comments and in fact all of the comments that have been said
25 previously today. We really see the elimination of this

1 list as putting a big, huge kink in the middle of this
2 program.

3 You've now stopped the ability to officially track
4 the needs of statewide needs for facilities for both
5 determining state bond issues, for determining local bond
6 issues, and also for providing that information to the
7 public for when they vote on either and/or both of those
8 issues at the -- throughout the state.

9 So for those reasons, we really wish that you
10 would pull back on these at least at this point in time.
11 Let's have further discussions. If there are issues and
12 ways potentially that we can reconfigure this program,
13 that's going to need a long-term discussion, and I don't
14 think they should be able to be done with in the short
15 amount of time that it's had. So thank you very much.

16 MS. KAMPMEINERT: Before you leave -- thank you
17 all. Can I ask you to elaborate a little bit on the impact
18 to the kinder program. I want to make sure I understood the
19 point.

20 MS. PRESTON: Well, I don't know that we really
21 know what the impact. Nobody's brought it up today, so I
22 wanted to bring it up just as a -- you know, just to put it
23 on the radar.

24 So the budget as you know has \$100 million for all
25 day kindergarten and it's up to the State Allocation Board

1 to develop the regs and to distribute the money. If
2 whatever a district gets for the all-day kindergarten grant,
3 is it going to impact future applications that they have for
4 their entire -- you know, for calculating their total amount
5 of money that they're going to be able to get.

6 I think it just adds an additional layer of
7 confusion at this time with this new program that's just
8 come in.

9 MS. KAMPMEINERT: Um-hmm.

10 MS. HOFFMAN: If I could add to that one more
11 thing. When you look at the fact that all of these
12 applications, be they currently filed, on file, in process
13 in districts, the very long term is as far as in the
14 development, this kindergarten piece is going to add to that
15 long-term development issue.

16 So that's going to be another thing that the
17 district's going to have to wrap their heads around of how
18 do we then either plan for this, incorporate whatever the
19 needs are into current plans that are pending because, you
20 know, these aren't necessarily going to be -- we're going to
21 be putting portables on the back 40 for a lot of these kids.

22 It's what do we need to do to make sure that if we
23 do have something that's currently on record or we're
24 developing something to be filed in application. How does
25 this then fit in with that. How does it impact eligibility

1 for your other programs is really what it's about.

2 MS. CURLY: And, Barbara, maybe if I could also
3 add, you know, schools are looking at lots of different pots
4 of money to put together a project on a site, right? So a
5 lot of the projects that are being done, you know, may be
6 funded by multiple programs.

7 There's language in the trailer bill that talks
8 about supplementing and not supplanting funds when you
9 access this program. So it's very likely that schools will
10 be thinking about how can they leverage that funding source
11 with other funding sources, including the school facility
12 program, in order to do a holistic project at the site.

13 MS. KAMPMEINERT: Okay. Thank you all.

14 MS. RUIZ: I may be the last one. I'll be brief.
15 There have been many, many good comments today, but -- I
16 will echo some of those. My name's Lorrie Ruiz. I'm a
17 school planning and state funding consultant. I work with
18 Corinne Loskot and we have many, many clients.

19 And I just want to provide an example. When and
20 at the -- for example, a new school project comes to OPSC,
21 that project has taken five to seven years of planning
22 before it even comes to OPSC, and it costs millions of
23 dollars just to get to that point.

24 Now, my fear is if you stop accepting applications
25 is what's going to happen with this new school if it's

1 occupied by the time -- during the time that you're not
2 receiving applications. Does that project become ineligible
3 if in fact the program gets ramped up again.

4 And that's a big concern because of the not only
5 time and dollar investment in to getting that project
6 approved by the different agencies, DSA, CDE, complying with
7 DTSC, CEQA, local municipalities, negotiations with
8 developers, getting the site approved, there's so much that
9 goes into that process and then with the potential that this
10 project may not become eligible if you stop accepting
11 applications.

12 Now, the challenge that you have with that, that
13 you're building a school because the kids are coming. The
14 enrollment's going to be there, so you have no option. You
15 have to build that school. You can't delay it.

16 And it just creates a level of uncertainty for a
17 lot of school districts in their planning efforts especially
18 when it takes three, five, seven years just to get the
19 project up to the point of being able to submit to OPSC.

20 MR. REYNOLDS: Hello. Ken Reynolds, president of
21 SchoolWorks. I've been in this business for about 30 years
22 now, so well before the SB50 program came into place.

23 And again, we're out there helping districts not
24 just with getting some state assistance for their projects,
25 but with several other services too. In fact, I know a lot

1 of the people that have spoken here and have done work with
2 them.

3 There's two real points like you said. I agree
4 with everything else that's already been said. I think
5 there's two real issues that I sort of want to summarize.

6 One is this regulation is not a solution. You've
7 identified some problems, some concerns in your position.
8 One of those was, you know, is this fair for the small
9 schools, and we've heard, everyone's united, that this
10 proposed regulation does not help deal with that inequity
11 that you were worried about. In fact, I don't believe and
12 most of the speakers do not believe that there is an
13 inequity for smalls or for financial hardships.

14 And the majority of our clients are small schools,
15 a lot of them in central valley. And so if we're going to
16 be proposing a regulation, it should have a solution.

17 Having it saying we're stop accepting applications
18 under the current program, we don't know how long, we don't
19 know when it would restart, and we don't know what the
20 program would be if it restarted.

21 And so if we knew all the answers to that, then
22 you could come back with this regulation and say, okay,
23 we're going to stop on this date. We're going to start a
24 new program on this date.

25 When we changed from the lease-purchase program to

1 the school facility program, we didn't stop the LPP and then
2 decide later on to start the SFP. It was a continuous flow
3 and that is the type of solution that would work.

4 So we need to do more homework. We need to come
5 back with a better proposal.

6 The second thing I'm concerned about in your
7 regulation item was when you were referring to the problems
8 created by having a workload list or an acknowledged list
9 that was so long.

10 Now, that of course is a huge problem. It created
11 lots of delays and districts had to decide whether they were
12 going to start their projects or not after they had signed
13 this resolution stating that there was no guarantee of state
14 funding.

15 And as you see, the needs are there. They had to
16 go and build. We have some appeals now coming to the State
17 Allocation Board where projects were built, but they don't
18 qualify on the date that the project was processed and I
19 have other projects where they didn't build and again, they
20 still don't qualify for as much as they originally asked
21 for.

22 Those issues will have to be resolved, but the
23 problem was created really based on the fact that there was
24 a time delay from the previous bond till this bond. We went
25 ten years without a state school bond.

1 But the core reasoning for that delay was the
2 great recession that happened. And so unless we believe
3 we're going to be facing the exact same condition, I don't
4 think it's fair to hold this program hostage for a
5 significant even that happened in our recent history.

6 I think it is possible for us to find a true
7 financial solution to funding schools, to keep the program
8 active, to keep the state as a valid partner in school
9 facilities in California.

10 And so those are my comments. Thanks for your
11 time.

12 MR. WATERS: Hi. Darrin Waters, Val Verde Unified
13 again. Sorry. But just to address Barbara's comments --
14 your summary of comments and to clarify. No, I don't like
15 the effort and expense of the application process.

16 Assuming there's a program change, I would suggest
17 that the application process be streamlined, shortened and
18 costs reduced to the application process. While I believe
19 an LEA should have some skin in the game to enter -- we
20 don't want people just putting their -- whatever project on
21 this list, there's got to be some skin in the game, maybe it
22 doesn't need to be as rigorous and costly as it currently is
23 just for the new list. I'm talking post Prop. 51. Just
24 something to consider. Thank you.

25 MS. KAMPMEINERT: Do we have anyone else that --

1 okay. No. Any other speakers on any of the topics,
2 anything to add?

3 Okay. Well, it looks like we've had all the
4 testimony that we are going to receive for today. So again,
5 we very much wanted to thank you all for taking the time to
6 be here, for taking the time to write in, for taking the
7 time to watch the webcast. We really appreciate your
8 involvement and the feedback that you've provided today.
9 It's very helpful and we also appreciate the opportunity to
10 partner and make sure that we're all working together.

11 So again, thank you and we will take this back and
12 absorb and analyze the comments that we've heard today and
13 then figure out next steps. And then I do want to invite
14 you to keep posted for the website for next dates for any
15 follow-up stakeholder meetings. We will be following our
16 normal process of a ten-day notification for the public
17 meetings.

18 So we don't have that date set yet, so we will
19 keep you posted on that. And with that, if there are no
20 further comments today, then we will go ahead and conclude
21 this meeting. Thank you very much.

22 (Whereupon, at 12:13, the proceedings were adjourned.)

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REPORTER'S CERTIFICATE

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